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The DEMAND and PRICE SITUATION

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SUMMARY

Total farm production this year exceeded last year's record, with large output of both crops and livestock products. However, domestic demand remains strong, and record quantities of farm products are moving into foreign markets. While farm product prices have declined since mid-summer under the impact of record production, in November they averaged 4 percent above the low level of a year earlier.

The Annual Summary of Crop Production indicates that total crop output this year is around the same as last year and about equal to the 1948 record. The soybean crop is almost a fourth larger than in 1955, and gains occurred in production of corn, commercial vegetables, wheat, and fruit and nuts. Crops of cotton and feed grains other than corn are smaller due primarily to a reduction in acreage. Larger total production of livestock and livestock products is resulting from an increased volume of dairy products, poultry, and eggs, partly offset by smaller output of meat animals, especially hogs.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1955 Year	1955 Nov.	1956 Aug.	1956 Sept.	1956 Oct.	1956 Nov.
Industrial production 1/							
Total	1947-49=100	139	143	142	145	146	147
All manufactures	do.	140	145	144	147	147	148
Durable goods	do.	155	161	158	164	164	166
Nondurable goods	do.	126	130	129	129	130	131
Minerals	do.	122	125	128	128	129	130
Total outlay for new construction 2/	Million dollars	42,991	3,601	3,714	3,693	3,661	3,715
Residential	do.	16,595	1,342	1,289	1,277	1,227	1,224
Total civilian employment 3/	Million	63.2	64.8	66.8	66.1	66.2	65.3
Nonagricultural	do.	56.5	57.9	59.5	58.7	59.0	59.1
Unemployment	do.	2.7	2.4	2.2	2.0	1.9	2.5
Income:							
Nonagricultural payments 2/4/#	Bil. dol.	290.9	299.4	312.8	314.4	316.8	
Production-worker payrolls 5/#	1947-49=100	152.5	163.8	161.4	165.8	168.8	167.9
Weekly earnings of production-workers in manufacturing 5/	Dollars	76.52	79.52	79.60	81.40	82.21	82.42
Durable	do.	83.21	85.69	85.47	88.18	89.23	89.64
Nondurable	do.	68.06	70.12	71.50	72.25	72.83	72.71
Prices:							
Wholesale prices, all commodities 5/	1947-49=100	111	111	115	116	116	116
Commodities other than farm and food	do.	117	119	122	123	124	124
Farm	do.	90	84	89	90	88	88
Food, processed	do.	102	99	103	104	104	104
Prices received by farmers 6/#	1910-14=100	236	224	237	236	234	234
Crops	do.	237	224	236	234	232	239
Livestock and products	do.	236	224	238	238	236	230
Prices paid, interest, taxes and wage rates 6/	1910-14=100	281	279	288	287	287	289
Items used in living	do.	273	273	281	279	279	281
Items used in production	do.	249	244	250	252	250	252
Parity ratio		84	80	82	82	82	81
Consumer price index 5/	1947-49=100	114	115	117	117	118	
Food	do.	111	110	113	113	113	
Government purchases of goods and services 2/ 7/#	Billion dollars	76.8			80.2		
Federal (less Government sales)	do.	46.7			47.2		
State and local	do.	30.1			33.0		

Annual data for the years 1929, 1932 and 1939-55 appear on page 39 of the April 1956 issue of The Demand and Price Situation.

1/ Federal Reserve Board.
2/ U. S. Department of Commerce.
3/ Bureau of the Census.
4/ Monthly totals seasonally adjusted at annual rates.
5/ U. S. Department of Labor, Bureau of Labor Statistics.
6/ U. S. Department of Agriculture, Agricultural Marketing Service.
7/ Quarterly totals seasonally adjusted at annual rates.
\# Revised series.

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Consumer income, the best general indicator of the strength of demand for farm products, reached a record rate in October. General economic conditions favor some further growth in income in the months ahead. Employment in November totaled 65 1/4 million, a record for the month, although unemployment also rose sharply. The Department of Labor reports that apart from seasonal layoffs employers are planning to increase the number of workers in early 1957. Wages are likely to rise as a result of increases already scheduled and the likelihood of further pay rises for workers covered by escalator clauses. Business spending on plant and equipment--an important source of rising activity during the past year--is scheduled to rise to a record 38 billion dollars in the first quarter of 1957, but the increase will be slower than the rapid expansion of the past year. Construction spending in 1957 is also expected to set a new record, even though homebuilding probably will show little or no increase from present rates.

Exports of farm products during January-October 1956 were 25 percent above the same months of 1955, and exports during calendar 1956 may equal any previous record in both value and volume. Government assistance of these exports is increasing. At least one-fourth of total agricultural exports are being sold for foreign currencies.

Commodity Highlights

Hog prices declined sharply late in October under pressure of heavy marketings but by mid-December had more than regained this loss. They will probably continue substantially above last winter. Prices of upper grades of fed cattle may decline as supplies continue to increase seasonally, but they also should remain well above the depressed levels of last winter.

Consumption per person of fluid milk and other dairy products is about the same as a year earlier; higher retail prices are offsetting the effects on per capita consumption of somewhat larger consumer incomes.

Egg production is likely to continue record large the next few months as a result of a 3 to 4 percent increase from a year ago in the rate of lay.

A strong foreign demand is again a major influence on domestic prices for fats and oils in the current marketing year. However, a moderate increase in foreign production is likely to prevent any significant gain in exports.

As a result of the December 11 referendum, the corn acreage allotment program remains in effect. Acreage allotments for the 1957 commercial area total 37.3 million acres, and the national average price support of $1.36 will be available to producers who comply with their 1957 allotments.

With wheat prices above the effective loan rate, redemption of CCC loans is exceeding the year-earlier rate and is expected to increase further.

Grower prices for most fresh fruits have averaged somewhat higher this fall than last. However, in early December terminal auction prices for California oranges averaged considerably under the relatively high prices of a year earlier when shipments were lighter.

Prospective production of 15 fresh vegetables for winter harvest is down 10 percent from a year earlier. With demand expected to continue strong, prices should average moderately higher than last winter.

Potato prices are expected to remain fairly low this winter because of heavy supplies.

The general advance in wool prices continued in early December in both foreign and domestic markets. Increases since April for some descriptions amount to almost 30 percent.

Mill consumption of cotton probably will increase later in the season because of the lower level of cotton prices since August, continued high consumer income, and smaller consumption of manmade fibers.

Auction prices for burley tobacco through December 14 averaged a record 63.3 cents per pound. Sharp advances over year-earlier prices occurred in the medium and lower-grade groups.

GENERAL ECONOMIC SITUATION

Business activity continued to expand gradually during October and November, setting new records in consumer income, factory sales and industrial production. Output in many sectors of the economy is at maximum levels and

continued upward pressure on prices is evident, particularly among certain industrial commodities. Wholesale prices, as measured by the Bureau of Labor Statistics, advanced one-fourth percent in November to 115.9 (1947-49=100), the highest since the spring of 1951. The index of consumer prices reached a record 117.7 in October.

Retail sales continue to run somewhat above last year, but part of the gain is due to higher prices. Sales of new autos, weak throughout most of the year, have picked up to the highest rate since last spring. Department store sales, up 6 percent in November from a year earlier, point to a record Christmas trade.

Consumer Income and Spending

Consumers' before-tax income increased 3 billion dollars in October to a record seasonally adjusted annual rate of 332.6 billion dollars. The gain from October 1955 totaled 21 billion dollars, or 7 percent. Wages and salaries, which account for more than two-thirds of total personal income, rose by a little more than 1 1/2 billion during October. One-third of this rise occurred in automobile payrolls. A sharp rise in farm income resulted from heavy Soil Bank payments during October. All other categories of personal income increased during the month, and were substantially above October 1955 levels.

Retail Sales Gain in November

Retail sales (seasonally adjusted) picked up in November for a 3 percent gain over October and 5 percent over November 1955. In October, the latest month for which detailed statistics are available, retail sales totaled more than 16 billion dollars, after seasonal adjustment. This was slightly more than in September, but still below the record set last August. The October increase reflected a greater volume of business done by dealers in motor vehicles and other automotive products. Nondurable goods stores and retailers of other durable goods reported a drop in sales during October.

Retail Sales Reflect Rise in Volume

The gain in retail sales, compared with year-earlier levels, is largely an increase in volume and only to a small extent attributable to higher prices. In the first 10 months of 1956, the value of retail trade averaged 3.3 percent above the corresponding months of 1955 (table 1). For the same period, the BLS index of consumer prices showed an average gain of only 1.2 percent. Moreover, much of the rise in the index was due to higher prices for personal services, so that prices of goods that enter into retail trade probably increased less.

The growth in retail trade in the first 10 months of 1956 was moderated by an 11.5 percent decline in sales of automotive products. Retail sales of all other products show an average increase from January-October 1955 of

7 percent, far more than the rise in the consumer price index. Durable goods sales other than autos gained more than 10 percent; sales of furniture and appliances increased 6 percent, and sales by lumber, building and hardware stores gained 3 percent. Apparel sales were up 7 percent over the first 10 months of 1955, with a 1 1/2 percent rise in average retail prices. Food stores increased sales by 5 percent, while the retail food prices index rose less than half a percent.

Table 1.- Retail sales and consumer prices, seasonally adjusted monthly average, January-October 1955 and 1956

Item	1955	1956	Percentage change
	Million dollars	Million dollars	Percent
Retail sales, total 1/	15,342	15,851	3.3
Durable goods stores 1/	5,542	5,435	-1.9
Motor vehicles and other automotives	3,166	2,802	-11.5
Furniture and appliances	833	882	5.9
Lumber, building and hardware	911	942	3.4
Nondurable goods stores 1/	9,800	10,417	6.3
Apparel	890	956	7.4
Food group	3,616	3,804	5.2
General merchandise	1,663	1,724	3.7
Consumer price index, all items	114.5	115.9	1.2
Foods	111.2	111.5	.3
Housing	119.9	121.4	1.3
Apparel	103.5	105.2	1.6
Transportation	126.2	127.8	1.3
Medical care	127.6	132.3	3.7
Personal care	114.8	119.7	4.3

1/ Includes data not shown separately.

Departments of Commerce and Labor

Market for New Autos Firm

Demand for 1957 model automobiles is evidently measuring up to the industry's fairly optimistic expectations. Sales early in the season were limited by dealers' ability to get deliveries. Despite efforts to boost output, factories were able to turn out only about 580,000 passenger cars in November, or more than a fifth less than the very large output of November 1955. The lag in production was caused partly by tooling problems among suppliers and to a lesser extent by labor disputes. The relatively slow rate at which output has been stepped up reflects also the cautious attitude of auto manufacturers toward building up dealers' inventories of new cars. The number of autos added to dealers' stocks in November is estimated to have been far below the 200,000 increase in November 1955. As dealers' supplies of new cars are relatively low and demand strong, discounts from list price and exaggerated trade-in allowances are reported to have become less common.

Investment Demand

The increase during 1956 in total spending on new capital assets has reflected a sharp rise in business expenditures for new plant and equipment which more than offset a drop in private home building. Recently completed studies by Federal agencies of investment prospects in each of these areas indicate that total investment outlays for equipment and new construction will rise in coming months, though possibly at a slower rate.

Plant and Equipment Outlays Rise More Slowly

Businessmen are scheduling plant and equipment purchases for the first quarter of 1957 at a seasonally adjusted annual rate of just under 38 billion dollars, according to a recent joint survey by the Commerce Department and the Securities and Exchange Commission. This would be 16 percent above the first quarter of 1956 and 1 1/2 percent above the rate now estimated for October-December, though considerably less than the quarterly increases of the past two years. Investment outlays for 1956 as a whole are estimated at 22 percent above 1955.

Most of the gain expected in the first quarter of next year is in public utility industries (table 2). Manufacturing firms, which have been the principal source of increased outlays over the past year, plan little further expansion for early 1957. A small increase in nondurable manufacturing is expected to about offset a small decline in plant and equipment outlays by durable goods producers. Outlays by railroads are scheduled to increase, but those of other transportation and mining industries will diminish.

Table 2.- Expenditures on new plant and equipment by U. S. business, 1955-57

Industry	1955	1956 1/	1956 (Seasonally adjusted annual rates) Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	1957 Jan.-Mar. 1/	Percentage increase 1st quarter 1956 to 1st quarter 1957
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Pct.
Manufacturing	11.44	14.93	13.45	14.65	15.78	16.41	16.46	22.4
Durable goods industries	5.44	7.57	6.57	7.38	8.20	8.39	8.18	24.5
Nondurable goods industries	6.00	7.36	6.88	7.27	7.58	8.02	8.28	20.3
Mining	.96	1.23	1.13	1.28	1.26	1.28	1.22	8.0
Railroads	.92	1.26	1.25	1.22	1.20	1.34	1.54	23.2
Transportation, other than rail	1.60	1.75	1.65	1.63	1.79	1.94	1.86	12.7
Public utilities	4.31	4.82	4.56	4.61	5.08	4.87	5.40	18.4
Communication, commercial, and other	9.47	10.92	10.78	11.10	10.76	11.49	11.48	6.5
Total	28.70	34.92	32.82	34.49	35.87	37.33	37.96	15.7

1/ Estimated

Securities and Exchange Commission.

The same survey indicates that spending for plant and equipment in the current quarter is likely to fall short of the rate originally planned. Problems in obtaining deliveries on such items as machinery and structural steel are apparently holding October-December outlays to about 37 1/3 billion dollars, or 2/3 billion less than had been scheduled. Many industries that supply capital goods apparently are stretched to the limits of their productive capacity, and order backlogs have grown steadily. For example, unfilled orders for machine tools are substantially larger in October than a year earlier despite an expansion of almost 50 percent in the rate of shipments. And structural steel remains in tight supply notwithstanding three months of more-than-capacity output.

However, the small rise in outlays planned for January-March suggests that there may be some tapering off in demand for new investment goods. After several years of heavy spending many industries probably are reaching the point where further investment is less imperative. Moreover, difficulties in obtaining financing in the tight money market of the past year may now be showing up in a slower rise in capital outlays.

Record Construction Outlays in Prospect for 1957

The Departments of Commerce and Labor, in a joint survey of prospects in the construction industry, estimate that outlays for new construction in 1956 will total about 44.1 billion dollars, 3 percent above 1955. A further gain of about 5 percent, to 46.4 billion dollars is in prospect for 1957. Construction of new industrial and public utility plants is expected to contribute substantially to the rise. Larger outlays are also in prospect for construction of new churches, private schools, hospitals, and social and recreational buildings. Public construction is forecast up 12 percent in 1957, largely because of stepped up spending for roads and schools.

The decline in the rate of private housing starts the past year and a half may level out in 1957, according to the Commerce-Labor appraisal. This would result in about one million new starts next year, slightly less than this year's total of approximately 1.1 million units. Starts in October and November have been at a seasonally adjusted annual rate of about 1,050,000 units. Building costs are expected to continue to rise, though at a slower rate than in 1956. Further increases are anticipated for additions and alterations to older homes and for construction of motels and other nonhousekeeping residential units. However, the Commerce-Labor forecast does not expect these factors to be sufficient to offset the decline in expenditures for new dwelling units, so that outlays for private residential building in 1957 may be a little smaller than in 1956.

FHA Raises Maximum Interest Rate on Mortgages

The Commerce-Labor estimates of residential construction are based on the assumption that mortgage funds will continue relatively scarce, especially for long-term no-downpayment loans. On December 4, after this survey was completed, the Federal Housing Administration increased the ceiling rate on loans for 1-4 unit family dwellings from 4 1/2 percent to 5 percent. While higher interest rates may make Government-backed mortgages more attractive to lenders, the supply of such credit is likely to continue relatively short.

Contruction Declines Less Than Seasonally in November

The value of new construction in November was 8 percent below October, but was the highest November on record. After adjustment for the usual seasonal decline at that time of year, outlays were at an annual rate of 44.6 billion dollars, 3 percent more than a year earlier. Public construction, especially of highways, showed less than the normal drop, while that for private homebuilding was a little more than usual. Expenditures for new dwelling units in the first 11 months of this year totaled 10 percent less than a year earlier. However, other forms of construction, including additions and alterations to existing housing, private nonresidential and public construction, are up considerably from the first 11 months of 1955.

Output and Employment

November Industrial Output Tops Previous Record

Widespread gains in industrial production increased the Federal Reserve Board's seasonally adjusted index 1 point in November to a record 147 percent of the 1947-49 average. Output gains occurred in plants making automobiles, industrial machinery and aircraft, and in shipyards. Petroleum output rose to the highest rate since last April as production was stepped up to meet European needs. Curtailed production of television sets and furniture contributed to a decline in the index of consumer durable output.

Factory Sales Reach New Peak in October

Manufacturers' shipments increased 0.6 billion dollars in October, after seasonal adjustment, to a record monthly total of 28.2 billion, about 6 percent above a year earlier. Higher prices were an important factor in the rise. All durable-goods industries except the lumber-furniture group contributed to the rise, with shipments of motor vehicles and metals showing particularly strong increases. Sales of processed foods and beverages eased during October, after seasonal adjustment, partly offsetting moderate advances in sales by manufacturers of other nondurable goods.

Table 3.- Index of industrial production by major industrial groups, 1953-1955 and for October and November 1955 and 1956 adjusted for seasonal variation (1947-49=100)

Group	1953	1954	1955	1955 Oct.	1955 Nov.	1956 Oct.	1956 Nov.
Industrial Production	134	125	139	143	143	146	147
Total manufactures:	136	127	141	145	145	147	148
Durable	153	137	155	161	161	164	166
Primary metals	132	108	140	148	149	147	149
Fabricated metal products	136	123	134	142	139	142	141
Machinery	160	142	155	164	162	177	176
Transportation equipment	189	175	203	208	212	201	213
Lumber and products	118	115	127	130	124	122	120
Nondurable	118	116	126	129	130	130	131
Textiles and apparel	107	100	109	112	113	111	112
Paper and printing	125	125	137	141	141	144	144
Chemical and petroleum products	142	142	159	162	164	167	168
Foods, beverages, and tobacco	107	106	109	111	111	112	112
Minerals	116	111	122	123	125	129	130

Federal Reserve Board.

New orders also came in more rapidly in October, after seasonal adjustments, but the gain was mostly in the nondurable goods sector. A small rise in the rate of incoming orders for durable goods resulted from substantial increases for metals while orders received by aircraft companies eased from the high rate of recent months. A decline during October in unfilled orders was attributable to a reduced backlog in the transportation equipment industry.

Steel Mill Activity Exceeds Capacity

Production of steel continues to set new records and there are no signs of an early slackening in activity. As of mid-December, the Nation's steel mills had operated at more than 100 percent of rated capacity for 14 consecutive weeks and had turned out a greater tonnage of ingots than in any

similar period on record. Efforts have been made to concentrate output in those lines where demand has been particularly heavy--plates, structural shapes, and pipe. However, the backlog of orders for these items continues large, and sufficient business is reported on hand to assure a high rate of operation well into 1957.

Employment Down in November; Unemployment Increases

The number of jobholders declined 900,000 from October to a mid-November total of 65.3 million. This was still a record for the month, exceeding November 1955 by 1/2 million. The decrease was almost entirely seasonal, reflecting the wind-up of harvesting in many farm areas and the winter lull in construction activity. Increased employment was reported in auto manufacturing, as new models came into production. Employment in retail establishments also increased with expanding Christmas trade. A sharp rise in unemployment in November was caused by seasonal layoffs in farming and construction and by an influx of holiday job seekers into the labor market.

The November decline in farm employment, estimated by the Agricultural Marketing Service at 22 percent, was slightly larger than usual. During the week of November 18-24, there were 7,392,000 persons at work on farms, of which 5,806,000 were family workers and 1,586,000 hired workers. Compared with a year earlier, farm employment in November was down 6 percent.

Consumer Prices Advance To New Record

In October, The Bureau of Labor Statistics index of urban consumer prices advanced one-half percent to a record 117.7 (1947-49=100). This was 2.4 percent above October 1955. Nearly all the major components of the index advanced, with sizable increases in prices of apparel, fuels other than gas and electricity, and one of the popular makes of new cars. Retail food prices held at 113.1 percent of 1947-49 for the third consecutive month.

Wholesale Prices Average Higher in November

The Bureau of Labor Statistics index of wholesale prices increased one-fourth percent in November to 115.9 (1947-49=100)--the fourth consecutive monthly increase. Compared with a year earlier, prices were up an average of 4.2 percent. The November gain was concentrated in nonfarm commodities, especially chemicals, rubber products, and machinery. Wholesale prices of farm products averaged half a percent lower in November than in October, while processed foods showed no change.

During November and early December the BLS index of spot market prices for major commodities advanced around 2%. Price increases were concentrated in a few important commodities. A gain of about 14 percent in steel scrap prices, reflecting the strong demand for finished steel, was largely responsible for an increase of about 2 percent in the index of prices of industrial commodities. The index of primary market prices for foodstuffs increased about 3 percent from early November to early December, mainly because of higher hog prices. Prices of most other farm commodities held steady or declined on central markets since early November. By the first week in December slaughter steers at Chicago were down about 10 percent; wheat (No. 2, Hard Winter, at Kansas City) was about the same and corn (No. 3, Yellow, at Chicago) was moderately higher. Soybeans (No. 1, Yellow, at Chicago) advanced considerably during November but declined early in December with a lull in foreign purchases. New York prices of midwestern eggs (Fancy, Heavy Weights, 65%-A) declined about 14 percent between early November and early December, while chickens (North Georgia broilers) showed a small net advance.

Prices Received by Farmers Unchanged in November

The Index of Prices Received by Farmers was unchanged from October to mid-November at 234 percent of the 1910-14 average. Higher prices in mid-November for commercial vegetables, dairy products, food grains and oil bearing crops offset lower prices for meat animals and fruit. In November 1955, the index dropped 5 points to 224.

The decline in meat animal prices reflected seasonally heavy marketings. However, market receipts of both hogs and cattle were below a year earlier, and the index of meat animal prices held 8 percent above last November, though below any month in 1956 since March. Heavy movement of new-crop citrus fruit to market was mainly responsible for a 6 percent drop in the index of fruit prices during the month. However, prices still averaged 12 percent higher than in November 1955. A 30 percent advance in the index of commercial vegetable prices resulted primarily from higher prices at mid-November for tomatoes and lettuce. Supplies of tomatoes were down sharply from last year, while those of lettuce were moderately smaller.

Prices Paid by Farmers Rise Slightly

Higher automobile prices were reflected also in the Index of Prices Paid by Farmers for Commodities and Services, Interest, Taxes and Wage Rates (The Parity Index), which rose 2 points in November to 289 percent of 1910-14. This was 4 percent higher than a year earlier and only one point short of the record level of May 1952. Higher clothing prices contributed to the 1 percent rise during the month in Prices Paid by Farmers for Family Living Items. A small rise in production costs resulted from increased prices of feed and motor supplies, in addition to higher auto prices. Feeder livestock averaged somewhat lower in price than in mid-October.

The small rise in the parity index, with prices received remaining unchanged, caused the Parity Ratio to move down from 82 in October to 81 in November. This ratio was one percent higher than in November 1955.

UNITED STATES FOREIGN AID AND AGRICULTURAL EXPORTS

Between July 1, 1945, and June 30, 1956 United States grants and loans to foreign countries, representing economic and military aid, amounted to 61.7 billion dollars. 1/ Net foreign aid amounted to somewhat more than 56 billion dollars, as a result of reverse aid, return of certain equipment and repayment of loans.

During these 11 years gross economic aid totaled 44 billion dollars, with 31 billion in the form of grants in dollars or in kind. Of this 31 billion, at least 14 billion (46 percent) represented U. S. agricultural exports. 2/ Loans of 12.6 billion dollars made up the remainder of postwar economic aid, of which an estimated 2.6 billion dollars was used to finance agricultural exports. 3/ (Table 4.) Thus, agricultural exports accounted for some 17 billion or 2/5 of the economic aid extended by the United States in the postwar period.

During most of the postwar period, government assistance to farm exports was limited largely to donations and other foreign aid programs. Donations were recorded in the official statistics as grants. Exports financed by grants or loans generally were shipped in the same year in which the grants or loans were made. Thus, Government assistance to farm exports was reflected in reported data on grants and loans.

This comparability changed when the purpose of government export activity was expanded to include surplus disposal as well as foreign relief and assistance. Some of the current export programs, like barter have no grant or loan component. Furthermore, under the foreign currency sales

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1/ All data on U. S. grants and loans are derived from the quarterly "Foreign Grants and Credits" issued by the U. S. Department of Commerce.

2/ Data on total grants include ocean freight charges paid by the U. S. Since most of the data on agricultural exports financed is on an f.a.s. basis, the proportion of total aid attributable to agricultural commodities is understated. In addition, about 1 billion dollars worth of foreign produced agricultural commodities were financed under the grant programs.

3/ Of the 2.6 billion dollars, an estimated one-third has been repaid.

Table 4.- United States grants and credits, July 1, 1945-June 30, 1956 1/

Program 2/	Total	Estimated value of farm products financed (or proceeds of foreign currency sales disbursed)	
	Billion dollars	Billion dollars	Percent of total
Non-military grants:			
Lend-Lease (postwar pipeline)	1.2	.7	56
UNRRA, post-UNRRA, interim aid	3.4	1.6	47
Civilian supplies	5.9	3.3	56
Marshall Plan, Mutual Security, other economic and technical aid	18.2	7.9	43
Famine and other urgent relief	.3	.3	100
Department of Agriculture donations	.4	.4	100
Other	1.6	3/	3/
Total	31.0	14.2	46
Total credits	12.6	2.6	21
Total economic aid	43.6	16.8	39
Total military grants	18.1	4/	
Gross amount of aid extended	61.7	16.8	
Repayments, returns, etc.	5.5	.9	
NET GRANTS AND CREDITS	56.1	15.9	

1/ Data include only those proceeds of foreign currency sales which have been utilized as grants or credits ($503 million), but not proceeds which have been retained for other U. S. uses ($38 million) or have not yet been utilized ($775 million).

2/ For a description of these programs, see "Government Financing of Farm Exports in the Postwar Period," Agricultural Economics Research, October 1955.

3/ Not available.

4/ Less than .5.

Table 5.- Receipts and disposition under Foreign currency sales programs for U. S. agricultural commodities 1/

Item	Mutual Security Act 2/	PL 480 Title I	CCC Charter	Total 3/
Sales proceeds, fiscal year -				
1953-54	113		19	132
1954-55	294	73	11	378
1955-56	372	436	1	809
Total sales proceeds 3/	778	509	32	1,319
Prepayments	3	3		6
Currency losses 4/		-10		-10
Total net receipts	781	502	32	1,316
Expenditures:				
Foreign grants 5/	308	12		320
Foreign loans	98	85		183
Other U. S. Government uses	5	11	21	38
Total expenditures	411	108	21	541
Not utilized	370	394	11	775

1/ Totals include market value of commodities and that part of the transportation costs paid under these programs.
2/ Sections 55 and 402.
3/ Total of unrounded amounts.
4/ Net losses through exchange rate fluctuations.
5/ Including $30 million offshore procurement for military grants.

U. S. Department of Commerce, "Foreign Grants and Credits", June 1956.

programs only part of the sales proceeds are disbursed as grants and loans, and these disbursements may lag considerably behind the exports which give rise to the foreign currency receipts. Thus, during the three years ending June 30, 1956, exports payable in foreign currencies totaled 1.3 billion dollars, but only 500 million dollars worth of the foreign currencies had in fact been made available to foreign countries as grants and loans. (Table 5).

For the reasons stated above, data on U. S. Government economic aid no longer reflect the magnitude of Government assistance to farm exports. In 1955-56 for instance, Government assisted exports under special export programs 1/ totaled about 1.4 billion dollars compared with 715 million dollars disbursed as donations, grants and loans. Nevertheless, this 715 million represented about two-fifths of total net U. S. economic aid in 1955-56. The proportion of total economic aid represented by agricultural exports, or the proceeds of such exports, will probably increase during the coming year. Relief shipments and donations are likely to remain substantial. But more important, an increased volume of proceeds from foreign currency sales will be available for disbursement. Foreign currency sales agreements signed under PL 480 from the beginning of the program through October 1956 provide for non-military grants and loans equal to 586 million dollars; however, only the equivalent of 97 million dollars had been disbursed by June 30, 1956. Another some 850 million dollars worth of foreign currencies will be available from proceeds of sales under the Mutual Security Act. Even though only part of the available foreign currencies will be disbursed this year, agricultural commodities could account for one-half or more of the net economic aid extended to foreign countries in 1956-57.

FARM INCOME

Farmers' cash receipts from marketings in the first 11 months of 1956 were 27.3 billion dollars, up 3 percent from the corresponding period last year. Prices averaged slightly lower but the volume of marketing was larger. Receipts from livestock and products were 14.9 billion dollars, 2 percent above a year ago, with average prices down nearly 4 percent and marketings about 6 percent larger than last year. Slightly higher average prices plus larger marketings accounted for a gain of 7 percent in cash receipts from milk. Crop receipts in the 11-month period were about 12.4 billion dollars, 4 percent above 1955. Both average prices and volume of crop marketings were up slightly. Receipts from wheat, cotton, soybeans, potatoes, truck crops, and fruits were all above last year.

1/ Grants, donations, sales for foreign currencies, loans and barter.

Total cash receipts in November are tentatively estimated at 3.3 billion dollars, down seasonally from October but a little higher than in November of last year. Receipts from livestock and products of 1.5 billion dollars were up from last year because of higher prices for hogs and cattle and larger marketings of milk. Crop receipts in November were about 1.8 billion dollars, nearly the same as a year ago. Receipts from corn, soybeans, and some fruits were above last year but cotton receipts were lower.

In addition, Government payments to farmers in the 11-month period were about 0.5 billion dollars. They include payments for participation in the Agricultural Conservation Program, the Wool Incentive Program, the Soil Bank Program, and payments pursuant to the Sugar Act of 1948.

LIVESTOCK AND MEAT

With the probable exception of upper grades of fed cattle, seasonally rising prices are in prospect for meat animals this winter as marketings taper off from the heavy fall movement. Prices of the upper grades of fed cattle will probably decline as supplies continue to increase seasonally, but they are likely to remain well above the depressed prices of last winter. Hog prices will likely show the greatest advance.

Hog prices declined sharply late in October under the pressure of heavy marketings but by mid-December had more than regained this loss. Barrows and gilts at Chicago the week ending December 15 averaged $16.97 per 100 pounds, $6.40 above a year ago. Slaughter increased less rapidly this fall than last and in November dropped below a year earlier. Hog slaughter in December-February will be down sharply from a year before as the effect of the sharp cut in 1955 late spring pigs becomes increasingly evident. Hence, the total seasonal rise in hog prices this late fall and winter should be as large or larger than usual, and will hold prices substantially above the very low prices of last winter.

Under the stimulus of drought the movement of cattle and calves from ranges and pastures began earlier than usual this year and through November was generally above a year ago. Shipments in recent weeks have been declining seasonally and in early December were below last year. Fed cattle marketings in November and early December were close to those of a year earlier but a smaller proportion were in the Choice and Prime grades. Nevertheless, prices for top grades of cattle declined substantially during this period. Prices of feeders and stockers and the lower grades of slaughter cattle will likely rise only moderately this winter. During the same period prices of fed cattle will likely continue to decline somewhat. Fed cattle prices, however, will probably remain well above the low prices of early 1956.

Sheep and lamb slaughter the first 11 months of this year totaled nearly the same as a year ago. The number of sheep and lambs on feed for the winter and early spring market is expected to be a little larger than last year. The 1956 lamb crop was only 1 percent larger than in 1955, and slaughter supplies during the next few months will likely not be greatly different from a year

earlier. Hence, lamb prices this winter will likely share in the generally stronger level of meat animal prices and will probably maintain a modest margin over early 1956 prices.

DAIRY PRODUCTS

Production of milk in the United States has passed the seasonal low-point and will rise gradually until late next spring. Barring extremely unfavorable weather, production is likely to continue above a year earlier most of the time. The number of cows is about the same as last year, but the rate of production per cow continues to set new high records. Total output in 1956 will probably be around 127 billion pounds and a further increase is in prospect for 1957.

Prices to farmers have been averaging slightly above last year since the spring of 1956 and will average around $4.15 per hundredweight of milk--between 3 and 4 percent over 1955. Cash receipts from dairy products have been running consistently above 1955. For 1956 as a whole, they will be a little over $4.5 billion, just short of the 1952 record.

The gradual rise in wholesale butter prices which started in August came to a halt in mid-November with the total gain about 3 cents. In the last few days of November and early December prices weakened, presumably reflecting the beginning of seasonal upturn in milk production. Prices of most other items have shown essentially no change except for seasonal increases in fluid milk prices in a number of markets.

Consumption per person of fluid milk and the other dairy products is continuing near year-earlier levels. Slightly higher retail prices for most items, compared with a year ago, are tending to offset the effects on per capita consumption of somewhat higher consumer incomes.

In mid-December, CCC had no butter on hand, a very small amount of nonfat dry milk, and about 174 million pounds of cheese--less than half the record holdings of mid-1954. Purchases of nonfat dry milk and cheese continue above last year but no butter was bought from mid-October to December 12, when the CCC bought some butter.

POULTRY AND EGGS

With production continuing to set new records this fall, egg prices have been below year-ago levels. At 37.2 cents per dozen in mid-November, the U.S. average price received by farmers was 6.2 cents per dozen below a year earlier. Production is likely to continue above year-earlier records for the next two months or so, because of increases in rate of lay, which recently have been about 3 to 4 percent above a year earlier. The number of potential layers on farms is slightly below last year.

Farmers' prices for turkeys, especially toms, strengthened in late November. In California producing areas, prices for heavy toms actually exceed those for lighter weight hens. The November 1 stocks of all turkeys, at 197 million pounds, were an alltime record but were reduced by withdrawals for Thanksgiving sales. Stocks were then built up again to a December 1 total of 193 million pounds. The mid-November price to farmers averaged 26.0 cents per pound, compared with 29.8 cents a year earlier.

The large current slaughter of broilers is competing with seasonally large supplies of turkeys and red meats. Mid-November prices averaged 17.1 cents, compared with 21.2 cents a year earlier. As in 1955, November prices were the lowest of the year to date.

Government purchases of medium size eggs and turkeys have ended for the current year. Purchases from late September through early December totaled almost 600 thousand cases of eggs, and through November were 27 million pounds of ready-to-cook turkey.

FATS, OILS AND OILSEEDS

In 1955-56, the United States exported about 5.0 billion pounds of fats, oils and the oil equivalent of oilseeds. This was 800 million pounds more than the previous high of the year before and resulted in a sharp cut in stocks of food fats and linseed oil. Exports were equal to about 35 percent of total production from domestic materials. Record quantities of edible vegetable oils, soybeans, flaxseed, and tallow and greases were shipped abroad.

The strength of export demand will again be a major price-influencing factor in the coming year on the level of domestic prices of fats and oils. Production of all fats and oils for the 1956-57 marketing year is forecast at 14.8 billion pounds, nearly the same as last year's record. However, beginning stocks are down somewhat.

The outlook for United States exports of edible fats and oils in 1956-57 is about as favorable as in 1955-56. At the present level of economic activity, increased population alone will create additional demand. Furthermore, foreign stocks of fats, oils and oilseeds this fall were relatively low partially because of the shortage of olive oil production last year. For the year as a whole, part of the increased foreign demand which will result from these factors probably will be met by some increase in foreign production of edible fats and oils but with the present troubled situation in the Middle-East, record quantities of fats and oils have been moving from the United States to European countries.

Without taking into account the possible effect of foreign buying to build up stocks, exports of U. S. edible oils and fats other than butter but including the oil equivalent of soybeans, in 1956-57 are likely again to be

about 2.7 billion pounds, or about the same as last year. This would include about 1.1 billion pounds of soybean and cottonseed oils, over 75 million bushels of soybeans (roughly 850 million pounds in terms of oil) and about 600 million pounds of lard. Exports of butter probably will decline sharply because CCC stocks have been exhausted.

FEEDS

Prices of feed grains have shown more strength than usual at this season of the year and in mid-November averaged 12 percent above a year earlier. Prices of high protein feeds also have advanced since October and in November averaged slightly higher than a year earlier.

Corn prices at midwestern markets have advanced 10 to 15 cents per bushel from the low level reached about the middle of October. The early harvesting of the very large and good quality crop appears to have been largely responsible for the early seasonal dip in prices. While the low point reached in October may be the seasonal low for the 1956-57 marketing year, corn prices are not expected to rise as much from this fall to next summer as in 1955-56. Corn prices are again considerably below the support price, although they are nearer the support level than in late 1955.

Sorghum grain prices also have increased rather sharply and oats and barley more moderately. Prices of the 3 grains in mid-November were near or above the 1956 supports.

The total feed concentrate supply for 1956-57 is estimated at a new record high of about 200 million tons, on the basis of the December crop report, up slightly from last year and 15 percent above 1950-54. While the acreage of feed grains harvested was down 10 percent from 1955, production was only 1 percent lower reflecting higher average yield per acre. The corn supply is 8 percent larger than last year, setting a new record of over 4.6 billion bushels. Supplies of each of the other feed grains were smaller than the big supplies in 1955-56. The 1956 feed grain production is expected to be more than adequate to meet total domestic requirements in 1956-57 and a further increase of around a tenth in the feed grain carryover into 1957-58 is in prospect.

As a result of the December 11 referendum of corn producers in the commercial area, the corn acreage allotment program remains in effect. About 61 percent of the 421,101 farmers voting favored the Soil Bank Base Acreage program. Approval by more than one-third of the farmers voting was required for the Acreage Allotment Program and by two-thirds or more for the base acreage program. Acreage allotments for the 1957 commercial area of 894 counties total 37.3 million acres compared with 43.3 million acres for the 840 counties in the commercial area in 1956. In recent years 57 to 59 million acres have been planted in the counties included in the 1957 commercial area. The national average price support of $1.36 per bushel will be available to producers who comply with their 1957 allotments.

WHEAT

Cash wheat prices are above the effective loan and generally at or near the high for the season to date, having advanced generally since the new export program was announced July 13. On December 14 the price and amount above the loan was as follows: No. 1 Dark Northern Spring, ordinary protein, at Minneapolis, $2.36, 7 cents above the effective loan; No. 2 Hard Winter, ordinary protein, at Kansas City, $2.32, 7 cents; and No. 1 Soft White at Portland, $2.46, 30 cents. Since July 13, the price of No. 2 Hard Red Winter at Kansas City advanced 28 cents and No. 2 Soft Red Winter at St. Louis advanced 41 cents. In the case of the latter, the advance also reflects the relatively short free supplies of this type of wheat.

In mid-November, prices received by farmers for wheat averaged $2.05 compared with $1.98 in mid-October, $1.95 in mid-September, and $1.94 in November 1955. Terminal market prices in mid-December were slightly above a month earlier. Through November 15, growers had placed 219 million bushels of 1956-crop wheat under price support. This compares with 209 million of 1955-crop wheat a year earlier. About 16 million bushels of 1956-crop wheat had been withdrawn from support by November 15, 1956 compared with less than 2 million bushels by the same date in 1955. However, with the market for some types well above the effective loan, redemptions may be expected to increase, especially in January after the beginning of the next tax year.

Wheat held by CCC is available for sale in the domestic market at the market price, but not less than the 1956 applicable terminal loan rate for class, grade and quality, plus 24 cents per bushel. In December, this is $2.55 for No. 1 Hard Winter Wheat at Kansas City and $2.58 for No. 1 Dark Northern Spring at Minneapolis.

CCC sales and other disposition of wheat in the July-October period totalled 146.2 million bushels.

FRUIT

Consumer demand for fruit is expected to continue strong this winter. With increased maturity of 1956-57 crop citrus fruits, demand for canning and freezing will be seasonally heavy after the first of the year. Prices received by growers for most fresh fruits this fall have averaged somewhat higher than a year earlier.

Because of delayed maturity of the Florida orange and grapefruit crops, utilization of the new crops by December 1, 1956 had been considerably under that of a year earlier. By that date, weekly movement to fresh markets had

reached the volume of a year previously, but movement to processors, especially of oranges, continued much smaller. Even so, some increase in output of frozen concentrate is expected this season. On December 1, stocks of frozen orange concentrate held by Florida packers were somewhat larger than a year earlier while stocks of canned orange juice were much smaller. Movement of the new navel orange crop in California started in late November, about the same as usual. In early December, terminal auction prices for California orange averaged considerably under the relatively high prices of a year earlier, when shipments were lighter. Auction prices for Florida oranges averaged a little lower, and those for Florida grapefruit averaged moderately higher.

The U. S. Department of Agriculture reported that cold-storage holdings of apples and grapes were lighter on December 1 than a year earlier, while stocks of pears were heavier. Prices for most varieties of apples at shipping points in commercial apple areas tended to increase in November. In early December, apple prices generally averaged above a year previously. Prices for D'Anjou pears in Washington also averaged higher.

COMMERCIAL VEGETABLES

For Fresh Market

Acreage of 15 fresh vegetables for winter season harvest is down 12 percent from a year ago according to December 1 indications. Prospective production is down 10 percent from a year earlier but is about in line with the 1949-54 average. Drought and a shortage of water for irrigation in South Texas are largely responsible for the reduced acreage and indicated lighter production this winter. Cool weather and frost also caused some loss of vegetables and retarded plant development in many producing areas. Compared with last winter the smaller supplies of beets, broccoli, cabbage, carrots, celery, lettuce, shallots and spinach are expected to more than offset increases in artichokes, brussels sprouts, cauliflower, and escarole. Prospects are for larger imports of winter vegetables, particularly tomatoes, from Mexico and Cuba. Demand for fresh vegetables is expected to continue strong, and with smaller supplies anticipated, prices are likely to average moderately higher this winter.

Both onions and potatoes are expected to be in heavier supply this winter than a year earlier and prices are expected to remain at fairly low level.

The Department of Agriculture, in its acreage and marketing guide, has suggested a 2 percent cut in the acreage planted to vegetables for spring harvest. Should planted acreage be near that recommended, average yields would result in moderately smaller tonnage than last spring.

For Processing

Indications are that the supplies of both canned and frozen vegetables are substantially larger than in 1955. Among canned vegetables, supplies of sweet corn are up about a fourth from last year and supplies of green peas are moderately larger. Although pack figures are not available for most items, prospects are for substantially larger supplies of snap beans, tomatoes and most tomato products, and moderately larger supplies of cucumber pickles. With the larger indicated supplies, retail prices of processed vegetables, particularly some of the major canned items, are expected to average a little lower this winter than last.

POTATOES AND SWEETPOTATOES

Demand for potatoes in 1957 is expected to continue at about the 1956 level. But large stocks of 1956 crop potatoes are available and the production of potatoes for winter-season harvest is expected to be larger than a year ago. With the expected heavy supplies, prices of potatoes are expected to remain at fairly low levels this winter. Prices paid to farmers on November 15 averaged $1.53 per hunderweight, up 19 cents from mid-October and 21 cents above a year earlier.

Supplies of sweetpotatoes are about a fifth smaller than last year and prices are substantially higher. Prices paid to farmers in mid-November averaged $3.70 per hundredweight, 62 cents above a year earlier. Prices of sweetpotatoes are expected to rise seasonally into the spring and to remain well above the low levels of a year earlier.

COTTON

Disappearance of cotton in the United States during the 1956-57 marketing year is estimated at about 15.5 million bales, compared with 11.4 million bales in the preceding season. This includes an estimated 9 million bales for consumption by domestic mills and 6.5 million for export.

The average daily rate of domestic mill consumption during August-October 1956 was about 4 percent below the same period a year earlier. Relatively high prices for cotton from February to July 1956 and increasing mill stocks of cotton broadwoven goods in relation to unfilled orders from February through August are two important reasons for the lower rate of mill consumption prevailing at present. Later in the season, however, the rate of mill consumption probably will increase over current levels because of the lower level of cotton prices since August, continued high level consumer income, and smaller manmade fiber consumption.

Exports of cotton from the U. S. in the 1956-57 marketing year probably will be the largest of any season since 1933-34 when 7.5 million bales were exported. The increase is being caused primarily by the very small carryover

in the foreign free world on August 1, 1956, down about 1.9 million bales from a year earlier, the lower export price which is about 6.5 cents below the 1956 support level, and the stability of the U. S. export prices. The prices for which CCC sold cotton for export generally were competitive with foreign spot market prices for comparable qualities of foreign grown cotton. The estimate of exports assumes that foreign free world consumption of cotton will increase by about a million bales over 1955-56, and that foreign free world stocks on August 1, 1957 will be about 1.5 million bales larger than they were August 1, 1956. This increase is smaller than the decrease in stocks during 1955-56.

If the crisis in the Middle-East continues, foreign free world countries might increase their stocks and consumption of cotton even more than indicated above. Foreign free-world production of cotton in 1956-57 is estimated at about 16.2 million bales, compared with about 16.1 million bales in 1955-56. Funds available under various U. S. Government programs to finance cotton exports in 1956-57 total about 424 million dollars. If completely used these funds would finance the export of about 2.8 million bales, compared with about 1.6 million bales financed in 1955-56.

With production estimated at about 13.2 million running bales the carryover at the end of the current marketing year is expected to be close to 12.3 million bales, compared with the record high of 14.5 million on August 1, 1956.

The Commodity Credit Corporation sold about 6.2 million bales for export during the 1956-57 season as of December 11. Stocks of upland cotton held by the CCC (owned and held as collateral against outstanding loans but excluding cotton sold for export) were about 9.4 million bales as of November 27. Of this, CCC owned about 0.7 million bales, about 2.7 million bales were pledged as collateral against the 1956 crop loan and about 6.0 million were pledged as collateral against the 1955 loan. The CCC will take ownership of all outstanding loans from the 1955 crop on January 1, 1957.

Prices for cotton have remained close to the loan level since the start of the current season on August 1, 1956. The average spot market price for middling 1-inch cotton on December 14 was 33.14 cents per pound. This compares with an average loan rate at these markets for this quality of cotton of 33.02 cents per pound.

The total of State acreage allotments for the 1957 crop of upland cotton is about 17.6 million acres and the national acreage allotment for extra-long staple cotton is 89,357 acres. These allotments compare with 1956 allotments of 17.4 million, and 45,305 acres, respectively. On December 11 referendums for the 1957 acreage allotments were held and they were approved by 92.4 percent and 95.4 percent of those voting for upland and extra-long staple allotments.

Upland cotton producers who participate in the acreage reserve program will receive 15 cents a pound times the yield per acre determined for acreage reserve purposes for planting less acreage to cotton than is permitted

under their acreage allotment. The national goal for the acreage reserve program is 3.5 to 4.5 million acres and the national average yield for acreage reserve purposes has been set at 361 pounds per acre.

WOOL

The general advance in wool prices in domestic and foreign markets which began last April continued into early December. It reflects a strengthening of world demand relative to available supplies. The situation in the Middle-East has contributed. The net advances since early April range up to almost 30 percent for some descriptions.

Effective from November 1, 1955, wool owned by the Commodity Credit Corporation has been sold on a competitive bid basis with monthly sales for domestic use limited to 6 1/4 million pounds, actual weight. However, the monthly limitation does not apply to sales made at 103 percent of 1954 loan schedule rates plus selling commission. With market quotations for some descriptions in the neighborhood of these so-called "schedule prices", some wools began to sell outside the competitive bid program late in November.

World consumption of wool during the third quarter is estimated to have been about 6 percent below that of the second quarter, mainly because of seasonal factors, but about 8 percent above a year earlier. Mill use of other materials was 4 percent above a year earlier. Aggregate consumption of wool for the first 9 months of 1956 was higher than a year earlier.

Domestic mills have been using more of both apparel and carpet wool this year than last year. During January-October mill use of apparel wool was up 7 percent and carpet wool was up 13 percent compared with the same months of 1955. The October average weekly rate of mill use of apparel wool was 6 percent above October 1955. The rate of carpet wool use was 7 percent higher than a year earlier.

United States imports of dutiable wool for consumption during January-September were about the same as last year. However, they were substantially below a year earlier during June-September. This reflected the earlier marketing of the domestic clip this year than last year, larger CCC sales than last year, a higher foreign market, and probably some reduction in trade stocks. Imports of duty-free wool during January-September were substantially higher than last year, but due to a reduction in stocks they were below a year earlier after the first quarter.

TOBACCO

Burley auction markets opened on November 27 and through December 14, the volume marketed was 323 million pounds--averaging a record 63.3 cents per pound. This was 8 percent above the price average in the comparable period of last season. Prices in the medium- and lower-grade groups advanced sharply over a year ago. Deliveries for Government loans were approximately $1\frac{1}{2}$ percent of gross sales (includes resales) compared with 19 percent in the

corresponding period in 1955. Burley supplies are a little lower than last year because of a smaller carryover, but are still large in relation to prospective disappearance. The high market average results from the extremely strong demand for certain qualities. Most of the surplus is in loan stocks, which consist almost entirely of grades not currently in demand by domestic manufacturers.

The Virginia fire-cured auction market opened on November 26 and through mid-December prices averaged 40.2 cents per pound--one fourth above last season. Quality is much better this year than last.

Auctions for Virginia sun-cured, and the Kentucky-Tennessee dark air-cured types opened during the first third of December. Through mid-December prices for Virginia sun-cured averaged 35.3 cents per pound--one third above early season prices last season reflecting higher grade prices and improved average quality. For the Kentucky-Tennessee types through the same date, prices of One Sucker and Green River averaged 34.2 and 30.4 cents per pound, respectively. Prices of One Sucker averaged 8 percent higher than early season prices last year while those for Green River averaged about the same as a year earlier.

Marketings of the Kentucky-Tennessee fire-cured types are expected to begin in January.

Supplies of the dark air-cured and fire-cured types are large and substantial quantities from previous crops remain in Government loan stocks.

The auctioning of 1956 crop flue-cured is nearly completed and the overall season average price at about 51.2 cents per pound for gross sales is about 1 cent lower than last season's average.

The 1957 marketing quota and acreage allotment for flue-cured was announced on November 27. Allotments for individual farms will be reduced about 20 percent next year. The 1956-57 total supply of flue-cured is at a record high of 3,668 million pounds and about 3 times prospective yearly disappearance. A more normal ratio is about $2\frac{1}{2}$ times yearly disappearance. Over one-fifth of the 1956 crop was placed under Government loan. Carryover of flue-cured next July 1 will reach a new high--probably around 7 percent above last July 1.

Total unmanufactured tobacco exports in the 1956-57 marketing year are likely to be down 10 to 15 percent from the high 1955-56 level.

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